U. S. SENATE

Republican Policy Committee

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Medicare Premiums Only $6 More than Under Clinton "Plan"

Putting A Premium on Truth

". . .Most senior citizens cannot afford to pay more for their health care they need."
(Senator Ted Kennedy, Democrats' Medicare reform hearing, 10/5/95)

Despite the President and his party's unscrupulous "Medi-scare" tactics to convince seniors that under our proposal they face sharp premium increases, the truth is that we maintain the beneficiary contribution at the same 31.5-percent rate that it is currently — and is still well below the 50-percent rate originally intended when this program was enacted. As a result, seniors will pay only $6 more a month in FY 2001 than under the Clinton "plan." Furthermore, according to the Congressional Budget Office, under the Clinton "plan," premiums will go up in each of the seven years from 1996-2002.

As the chart below shows, the White House-led charges do not coincide with the truth about what will happen to Medicare premiums.

MEDICARE PART B MONTHLY PREMIUMS:
SENATE FINANCE COMMITTEE AND CLINTON PLAN

Year	Senate Finance Premiums (Final, 10/10/95)	Clinton Plan Premiums
1996	$53.00	$44.00
1997	$57.00	$48.00
1998	$61.00	$53.00
1999	$66.00	$59.00
2000	$74.00	$67.00
2001	$80.00	$74.00
2002	$89.00	$83.00

Source: Congressional Budget Office; numbers rounded

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Where the Money Goes

While the difference in premiums is marginal, the difference in where the premium money goes could not be more pronounced.

- **Under the Clinton "plan,"** ***not one cent*** of the premium income will go to help restore the Part A trust fund's solvency.
- **Under the Senate Finance Minority Party's proposal,** ***not one cent*** of the premium income will go to help restore the Part A trust fund's solvency.
- **Under Senate Finance Majority Party's proposal,** ***every cent*** of premium savings resulting from our proposal will go to improve the solvency of the Part A trust fund, thanks to a unique "lock-box" mechanism provided for in the budget reconciliation bill.

As a result, the difference between outcomes on the solvency of Medicare after FY 2002 also could not be more pronounced.

- **Under the Clinton "plan,"** CBO can not even accurately measure when the Medicare Part A trust fund would go bankrupt, due to a lack of details from the White House.
- **Under the Senate Finance Minority Party's proposal,** the trust fund will only remain solvent through FY 2004 — just TWO years longer than if Congress does nothing at all according to the Medicare Trustees' insolvency estimate.
- **Under Senate Finance Majority Party's proposal**, based on CBO's estimates, our plan will take the trust fund through FY 2011 and possibly beyond thus keeping the trust fund solvent into the next generation of retirees.

While the White House continues to discount the truth, the Majority Party has put a premium on truth: the $6 difference in monthly premiums is minimal on its impact to seniors, but leads to a significant difference in the Part A trust fund's solvency. Seniors understand that the solvency of Medicare is in their interests, as well as in their children's and grandchildren's. The White House has enjoyed talking about the costs to seniors, but the bottom line is that the cost of their demagoguery is the truth and Medicare's solvency.

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